

# VAT in Xero and processing non standard VAT amounts in to the Xero accounts system.

Most of the time Xero will work out the VAT correctly at 20% there is also an option have 5% for utility bills 0% for export customers and zero VAT items. There's also Exempt VAT for things like bank charges and the sale of books. This VAT is broken down into VAT on purchases and VAT on sales.

If the government ever changed the VAT rate you would go into Xero into the advanced settings where you can set that rates. Over the four different Xero companies logins we're using, sometimes these are called a different thing but VAT on purchases and VAT bills are the same.


Everything you do here will show up on the VAT return so it has to be right you have to include the paperwork so it can be checked at a later date and if you get it wrong on the VAT return you have to undo the transaction and redo it to make sure we are claiming back enough VAT. Sometimes the VAT amount can be in 10s of thousands of pounds so it's important to cover this.

In Xero when entering a none standard VAT amount to an invoice or bill we have to make a calculation in the unit price box. Mostly this will be regarding bills either HMRC deferred duty bills. (the reports are called C79 reports and you have to login to the Gov.uk site to access these. Must be downloaded every month and save. As they are only available for 6 month, there are in my secure files in VAT returns) or some UPS/DHL/FEDEX invoices.

Add a Bill and copy the paperwork to the page so the VAT people and accountants can check it correct. Put in the contact that the bill relates to. From in this example we are using UPS.

Put the reference number as the invoice number from the paperwork and the total amount at the top right hand corner. On line one put the item in as 2003:Carriage (Some of this will be slightly different depending on company Xero were using but mostly they are the same wording)

When you are putting UPS invoices into Xero as a bill you must check down the paperwork to make sure that there is not a second page with VAT detailed separately. In this case there were three and two pages. But this isn't normal. In these cases the front page does not detail the VAT we can claim back. Normal UPS Invoices have the VAT broken down on the front page. These are specials and need to be entered as below.



**Invoice**  
 00 2024031213 00000 00 00  
 Invoice Date: 12 March 2024  
 Account No.: BW4782  
 Invoice No.: 60127096  
 Page: 1 of 3  
 Call VAT-ID-No.: GB607145254  
 UPS VAT-ID-No.: GB 222 4217 10

VANDAGRAPH LTD  
 13 STATION ROAD  
 CROSS HILL  
 KEIGHLEY  
 WETHER  
 BD22 7DT  
 UNITED KINGDOM

For questions about this invoice, please call UPS at: 0345 1610016  
 UPS Limited  
 UPS House Lotus 2  
 Lotus Park, The Causeway,  
 Slaine-upon-Thames  
 Middlesex  
 TW19 3AG

Thank you for using UPS.  
 Check out our new bill payment platform! UPS Billing Centre makes bill payments. View and organise your UPS account info. Access on mobile device or desktop. Sign up or pay bills: www.ups.com/guestonly/ups

Payment Terms: Payment due 30 days from date of invoice. In case of late payment, UPS maintains the right to apply interest of 8% p.a. In addition, UPS charges a late payment fee up to a maximum amount of 40 GBP. The terms and conditions valid as of January 2024 are applicable.


Summary of Charges	
Charges	174.29
Total Non-Taxable Charges	174.29
Total Amount Due	GBP 174.29
Zero Rate	174.29

United Parcel Service  
 UPS House Lotus 2,  
 Lotus Park, The Causeway,  
 Slaine-upon-Thames,  
 Middlesex,  
 TW19 3AG

This invoice is for information purposes only.  
 The Amount due will be collected by direct debit.  
 Complete details will be on your monthly advance notice.

**YOUR PAYMENT WILL BE PROCESSED THROUGH EFT**

Bank No:	Account Number
207 842	XXXXXX3124
BIC:	IBAN:
BUKBGB22	GB45 XXXX XXXX XXXX XXX1 24
Invoice Number	Total Amount Due
60127096	GBP 174.29



**Shipment Detail**  
 00 2024031213 00000 00 00  
 Invoice Date: 12 March 2024  
 Account No.: BW4782  
 Invoice No.: 60127096  
 Page: 2 of 3

Date	Tracking No./ Shipment No./ Parent ID	Reference No. 1/ Reference No. 2	Service	Packages	Weight/ Container
01 Feb	128W670346878220 BW4782HPPYC	RAM147885-1 CID20543	WW Standard	1	1.5 PKG

Description	Value	Currency	Customs Number	Exchange Rate
OXYGEN ANALYSERS	0.00	GBP		0.000000

Comments: DUTY FROM DESTINATION FOR FREE DOMICILE SHIPMENT  
 GB ETO WE 2402024 LINE 495 128W670346878220

Shipper	Consignee	Payor	Shipper	Description	Charges	Net Charges
VANDAGRAPH LTD	KEIGHLEY ATHENS			Disbursement Fee	11.85	11.85
	EXTREME OWNERS GREECE			Brokerage Fees	50.43	50.43
				Storage Fee	13.10	13.10
				Value Added Tax	71.20	71.20
<b>Total Charges</b>					<b>GBP 146.58</b>	<b>146.58</b>
Zero Rate						146.58

Date	Tracking No./ Shipment No./ Parent ID	Reference No. 1/ Reference No. 2	Service	Packages	Weight/ Container
20 Feb	128W670346878220 BW4782HCCYY	RAM14865-1 CID24015	WW Standard	1	1.0 PKG

Description	Value	Currency	Customs Number	Exchange Rate
9711901 DIN PRESSURE REDUCER et al	0.00	GBP	24083001JGR	1.1660272

Comments: CUSTOMS DUTY AND/OR VAT IMPOSED ON YOUR SHIPMENT

Shipper	Consignee	Payor	Shipper	Description	Charges	Net Charges
VANDAGRAPH LTD	CROSS HILLS CANARAS			Disbursement Fee	14.36	14.36
	ARUBA TECHNOLOGY SRL			Value Added Tax	4.23	4.23
<b>Total Charges</b>					<b>GBP 18.59</b>	<b>18.59</b>
Zero Rate						18.59

Line 1 Item 2003, Under description put as much information as possible including a breakdown of any fees disbursement fees, brokerage fees, storage fees and value added tax. I copy this from the description on the paperwork. In quantity put one. Unit price is where we do the calculation there are two options usually for the deferred duty line 1 would be 6 times the VAT amount with 20% VAT on purchases in the tax rate box. For UPS this can be the above or 5 times the VAT amount. (check the total at the bottom to see which you need to use).

Line 2 has the same information but in unit price it is -5 times the VAT amount and zero rated purchasing for VAT. This allows us to have the VAT amount at the bottom of the invoice be the correct VAT amount as per the paperwork you have.

Line 3 you put in any non vatable fees. This again is a Zero rated purchases line in the VAT column and at the bottom you should have a total that matches the total on the invoice and a total of at that matches what you have on your VAT certificate/ or invoice.

There is no getting round that this is complicated, but there is no easy way to put in a non-standard VAT amount into Xero.

There are a couple of calculations you can do to get the VAT amount correct to your paperwork they are always in line one. Times the vat amount by 5 or 6 and line 2 times the vat amount by minus 5.

If it doesn't balance then its probably another figure that isn't right. Re check it all before panicking and if in doubt ask the accountant for help.

So For example line one 6x60, line 2 is -5\*60  
 or  
 5\*60 and line 2 is -5\*60.

It's only gonna make sense when you've had a go at it.

Line 1

The screenshot shows the Xero interface for editing a bill. At the top, there's a navigation bar with 'Vandagraph Ltd', 'Dashboard', 'Business', 'Accounting', and 'Contacts'. Below that, the page title is 'Edit Bill 60127096'. A green notification box says 'Draft Bill Saved - UPS - 8W4782 - Due 11/04/2024 - Total 174.29'. The main area shows a table with the following data:

Item	Description	Qty	Unit Price	Account	Tax Rate ID	Amount GBP
2003: Carriage	Carriage DUTY FROM DESTINATION FOR FREE DOMICILE SHIPMENT GB EFD W/EF 24/02/2024 LINE 495 126W47826848676220 Disbursement Fee 11.85 11.85 Brokerage Fees 50.43 50.43 Storage Fee 13.10 13.10 Value Added Tax 71.20 71.20 CUSTOMS DUTY AND/OR VAT IMPOSED ON YOUR SHIPMENT Shipper: VANDAGRAPH LTD CROSS HILLS BD20 7DT UNITED KINGDOM Consignee: ARSUB TECHNOLOGY SRL Disbursement Fee 14.36 14.36 Value Added Tax 4.23 4.23 VANDAGRAPH LTD CROSS HILLS BD20 7DT UNITED KINGDOM Consignee: ARSUB TECHNOLOGY SRL Disbursement Fee 14.36 14.36 Value Added Tax 4.23 4.23	1.00	388.25	2003 - Freight and duty	20% (VAT on Purchases)	388.25

The total amount is 174.29. The interface also shows a 'Draft' status, 'Print PDF' button, and 'Bill Options' dropdown.

## Line 2 and 3

2003: Carriage	<p>Carriage DUTY FROM DESTINATION FOR FREE DOMICILE SHIPMENT GB EFD W/E 24/02/2024 LINE 495 1Z8W47826848676220</p> <p>Disbursement Fee 11.85 11.85 Brokerage Fees 50.43 50.43 Storage Fee 13.10 13.10 Value Added Tax 71.20 71.20</p> <p>CUSTOMS DUTY AND/OR VAT IMPOSED ON YOUR SHIPMENT Shipper: VANDAGRAPH LTD CROSS HILLS BD20 7DT UNITED KINGDOM Consignee: ARSUB TECHNOLOGY SRL Disbursement Fee 14.36 14.36 Value Added Tax 4.23 4.23</p> <p>VANDAGRAPH LTD CROSS HILLS BD20 7DT UNITED KINGDOM Consignee: ARSUB TECHNOLOGY SRL Disbursement Fee 14.36 14.36 Value Added Tax 4.23 4.23</p>	1.00	-388.25	2003 - Freight and duty	Zero Rated Purchases	-388.25	×
2003: Carriage	<p>Carriage DUTY FROM DESTINATION FOR FREE DOMICILE SHIPMENT GB EFD W/E 24/02/2024 LINE 495 1Z8W47826848676220</p> <p>Disbursement Fee 11.85 11.85 Brokerage Fees 50.43 50.43 Storage Fee 13.10 13.10 Value Added Tax 71.20 71.20</p> <p>CUSTOMS DUTY AND/OR VAT IMPOSED ON YOUR SHIPMENT Shipper: VANDAGRAPH LTD CROSS HILLS BD20 7DT UNITED KINGDOM Consignee: ARSUB TECHNOLOGY SRL Disbursement Fee 14.36 14.36 Value Added Tax 4.23 4.23</p> <p>VANDAGRAPH LTD CROSS HILLS BD20 7DT UNITED KINGDOM Consignee: ARSUB TECHNOLOGY SRL Disbursement Fee 14.36 14.36 Value Added Tax 4.23 4.23</p>	1.00	96.64	2003 - Freight and duty	Zero Rated Purchases	96.64	×
<p><a href="#">Add a new line</a> <input type="button" value="Assign expenses to a customer"/></p>		<p style="text-align: right;">Subtotal</p> <p style="text-align: right;">96.64</p> <p style="text-align: right;">Total VAT 20.00%</p> <p style="text-align: right;">77.65</p> <hr/> <p style="text-align: center;"><b>TOTAL</b></p> <hr/> <p style="text-align: center;"><b>174.29</b></p> <hr/>					